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30 September 1983

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM : Deputy Director for Intelligence

SUBJECT : Status Report on the Directorate of Intelligence

1. This third status report from me provides you an overall view of the Directorate from an administrative and substantive point of view two years after the reorganization and almost two years after my appointment.

Last Year's Agenda

2. Let me first report to you on the status of the specific problems I told you a year ago I planned to tackle:

- To complete the review of our Soviet defense costing effort and make recommendations with respect to future approaches.

Action: You are well familiar with the completion of the Selin Panel report and its recommendations. Essentially it provided a strong endorsement of the Agency's approach to costing the Soviet defense effort, even while recommending improvements requiring substantial additional resources. I allocated [] positions to SOVA in FY-83, most of which were for Soviet economic effort, will allocate [] positions to SOVA in FY-84 strictly to improve work on the Soviet economy, and hope to add [] positions in FY-85 -- most of which will be for the economy.

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- To improve the quality and breadth of political analysis in the Soviet area.

Action: Some of the positions for FY-85 will be allocated to improve the Soviet foreign policy area of SOVA. However, I think our work overall on Soviet political analysis -- especially internal affairs -- has improved enormously in the last year and has had some notable successes -- the most prominent of which, of course, was our effort on the Soviet succession. At the same time we have done work on Soviet activities in the

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Third World, arms control, Western Europe and INF, and Sino-Soviet affairs that I think represent a major improvement over previous work. There will always be room for improvement in this area, however.

Specifically, in the foreign policy area there is still a pronounced tendency to "explain" Soviet actions in ways that come out sounding like an apologia. Also, it still takes too much pushing from me to get them to tie events together, seek out less reassuring explanations, identify alternative outcomes, and generally be more skeptical and more rather than less concerned.

- To reach agreement on concrete plans to meet DDI space needs.

Action: Our flexibility has been very limited in this area but I have acquired some slight additional amount of space for OSWR (the most crowded office) and also thanks to your decision have been able to arrange for SOVA's return to headquarters some time before we had anticipated they might be able to come back. I mentioned last year the costs involved in having SOVA out of the building; their return will help us in a lot of ways.

- To expand DDI participation in the CT Program.

Action: The DDI placed [] in the program this past year including the session beginning this month (DDS&T [] and DDA [] through the last class). I had intended an increase in the DDI number to [] in FY-84 but problems we have had with the CT Program and the curriculum have persuaded me to increase our participation only to [] until we can determine whether the changes we have requested in the CT Program will in fact be carried out. These include insuring that the opening two and a half months of the course provide an Agency-wide perspective and also that CTs for all of the Directorates be required to serve at least two of their three interim assignments outside the Directorate to which they will ultimately be assigned. It makes no sense to me that a DDO officer coming through the CT Program spend all three interims in the DDO when he or she will be in the DDO for the rest of their career. The Program would far better serve Agency needs if DDO officers were required to spend one interim in the DDI -- the end user of their product -- and one interim in the DDS&T, which will be working with them throughout their careers. Too few DDO officers know what happens to their reports (and don't care) or how the other directorates support them. I want DDI officers to serve two interims in other directorates.

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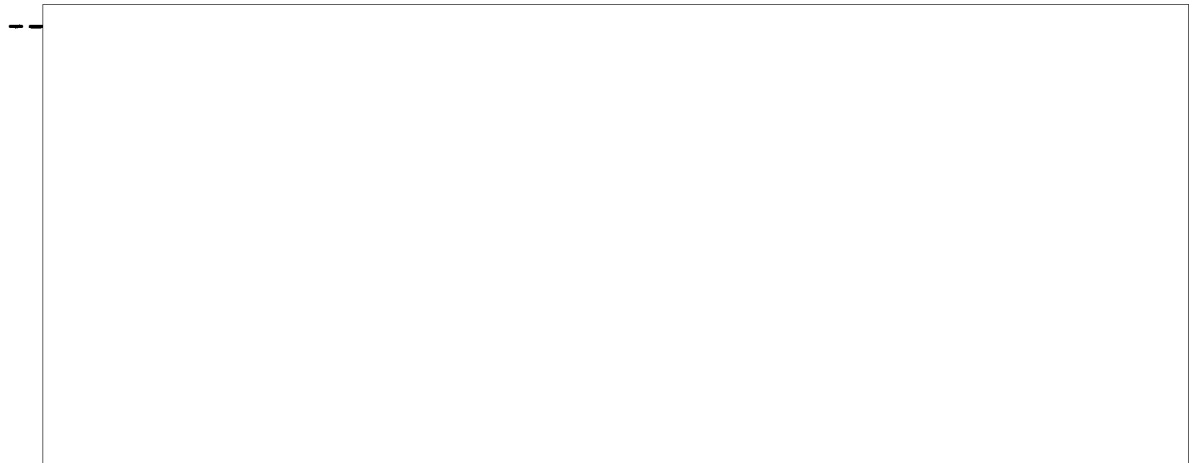
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- To improve analyst use of the collection requirements process especially in the technical area.

Action: We have continued the exchange program of analysts with the NSA to familiarize our people with their organization. Additionally, we have made training in this area a requirement for DDI analysts and it is now listed as a specific duty on their Performance Appraisal Report.

- To develop a program to address concerns of economist and military analysts in the regional offices and to provide for a steady influx of military analysts to offices other than SOVA.

Action: The economist problem has not proved to be as serious as I had once worried, in part because of the additional numbers we have been able to hire. I am particularly pleased with the progress we have made on the more difficult issue of military analysis training. I recently send you both the syllabus for the military analysis course that will be run twice a year and provide us a steady feed of approximately 40 trained military analysts each year. In addition, we will combine that course with rotations between SOVA and the regional offices, an aggressive program of internal seminars on a variety of Soviet and other weapons systems that are used in many countries, and also use the 11 military courses available to us at specialized US military training schools (for example, tank training at Fort Knox). This whole area is proceeding reasonably well in my view.



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- To implement the first phase of SAFE.

Action: If anyone had told me a year ago that we would have made the progress we have on SAFE I would not have believed them. Less that a year after redirection of

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the SAFE Program, the Directorate of Intelligence now has [] SAFE terminals installed, will install an additional [] terminals by the end of calendar 1983, and will have a total of [] terminals installed by the end of 1984. OTE is sufficiently backlogged on training that we are looking at contracting for outside trainers to help us bring analysts on line with SAFE faster. Overall, I am impressed with the progress we are making in this program. This year the directorate truly entered the computer age.

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Improving the Quality of Intelligence

3. We have continued to implement the program I announced almost two years ago for improving the quality of our analysis. We continue to enjoy considerable success in finding one year rotations for rising senior managers in policy agencies where they can learn how intelligence is used; people now take the research program seriously and work at it on an organized basis throughout the year; analyst production files now exist and are being used in the preparation of the Performance Appraisal Report and also in evaluation, ranking and promotion; the Product Evaluation Staff under Helene's able direction has produced three first-rate appraisals of our work, two in controversial areas; some 60% of the analysts in the Directorate have now taken some form of outside training in the last 21 months either at a university or in an outside-sponsored conference or seminar; contacts with outsiders have become the norm rather than the exception and the Directorate continues to sponsor a growing number of its own conferences and seminars to solicit the views of outsiders; the review process has tightened up at all levels with the result that draft papers coming to office directors and to me have substantially improved, particularly over the past year; and, finally, we have made some important steps forward in the presentation of evidence in our papers and in distinguishing facts, interpretation, assertion and speculation.

4. As part of an effort to improve the quality of analysis, we have been working quite closely with the Office of Training to develop more courses inside the Agency to help our analysts and their supervisors do their work better. OTE offers several analytic training courses including the Seminar on Intelligence Analysis and Supervision of Analysis. We have worked with them to develop a new course, several weeks in duration, which all new analysts will be required to take that will introduce them not only to the Directorate but also to our computer systems, diverse collection systems and how to use them, and other resources in the Community available to them. I also mentioned above the Military Training Course that we have established. That course will be complemented next year with another one on the Supervision of Military Analysis. I believe the combined effect of these courses will be to bring our analysts "on-line" earlier than has been the case in the past.

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5. Based on comments, calls, letters and memos we receive from all elements of the Executive Branch and the Congress, I think we are justified in saying that the quality and usefulness of our product has improved significantly since the reorganization. People seem to be depending upon us more and more not only for information but for ideas as well, and though they may occasionally disagree with our conclusions, instances in which they question the competence of our work have dwindled to virtually zero.

6. At the same time that the quality has increased, I have been pleased to see productivity increase as well and it now stands at the highest level in the Directorate's history. In FY-82, the Directorate published 517 hardcover monograph and research papers. In FY-83 we published just over 650 hardcover papers and on the order of 250 typescript memorandum disseminated to senior policymakers -- a 25% increase in production over last year. These are just the papers that are reviewed by Dick and me. It does not include the regional Monthly publications, the Terrorist Reviews, the International Financial Situation Report, and other such finished products. Beyond this we have been much more aggressive on current intelligence both for the PDB and the NID and I believe both publications have become more interesting to read and more informative. While I am especially pleased with the PDB, I do have some concerns about the NID which I will describe below.

7. Before discussing problems, I should mention one other area where I think we have made substantial progress this year: the improvement of relationships with other intelligence organizations. I think it is fair to say that the relationship between the DDI and DIA, NSA, Navy, Army and Air Force have perhaps never been better. We have worked very closely with DIA in a constructive manner over the past year on both the Soviet procurement issue and Soviet energy issue. Navy is now engaging us in a dialogue on some of their programs and activities that have not been shared with us for a number of years. And we have not only initiated analyst exchange programs with DIA and NSA, but cooperative efforts with NSA are underway that are unparalleled for this directorate. Through the good offices of the Intelligence Producers Council, we have broken new ground in cooperating on the preparation of the research programs of each agency and collaborated in sharing both planned and completed external analysis. This is a first. Moreover, there has been a much better dialogue on problems between the agencies, especially DIA, with the result that a number of problems have been resolved without the acrimony and hard feeling so common in the past. In sum, one accomplishment of which I am particularly proud is the much improved sense of community among the producer agencies. I am immodest enough to say that this directorate has taken the lead in making that happen. Your approach at the top has helped a great deal.

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Problems

8. The circumstances that have brought about the current favorable situation are fragile because there are continuing underlying problems some of which we can tackle and some of which are built into the system and human nature. First, the broad problems:

- A Veneer of Quality: The integrated approach to analysis growing out of the reorganization and commitment to the measures I implemented to improve the quality of analysis are still only skin deep. It requires constant pressure from Dick Kerr and me, as well as the office directors, to force the analysts to think about their audience, to be willing to put forward alternative points of view, to look into the future and make judgments, and to try to take a "macro" view knitting together disparate events both in place and time to tell a more cogent story. Too many analysts' first instinct still is to be too cautious, too reassuring. There is still an arrogance toward ideas "not invented here". And, in the technical area, there is an arrogance and condescension toward Soviet technology that has burned us again and again in the past. Arrogance in both these areas is diminishing (under pressure) but is still a problem.

Of all the measures I implemented almost two years ago, the one that seems to be making the greatest progress in becoming a part of the culture is a greater willingness to talk to and seriously consider the ideas of people outside this building.

It is clear to me even when Dick and I are gone a few days that the pressure of constant attention to quality still must come from the top on a day to day basis -- though this situation is slowly improving. Bob Inman once told me that it would take five years to make even some of my ideas an integrated part of the culture; I never really doubted him but now I am confident he was right. This is occasionally discouraging, particularly given the resentment of analysts at such persistent pressure. Nevertheless, pressure must be kept on with respect to outside contacts, training, policy rotations, stringent quality control and review at all levels, seeking others' ideas, and evaluations of analytical work.

- A Very Young Directorate: The average age of a DDI Office Director is almost 10 years younger than in the DDA or the DDO. Thirty-four percent of the analysts in the entire Directorate are still in their three year probationary period, 50% have less than five years experience, and 73% have less than ten years

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experience. While the quality of any large group of people will vary considerably individual to individual, overall the new people are very talented and skilled. My best German analyst, [REDACTED]

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[REDACTED] has been absolutely on the mark all year, is 26 years old and in his second year in the Agency. Nevertheless, they do come from a different culture and I am convinced one of the reasons for their resentment for a stringent review process is that for the first time many of them are being judged by an absolute standard that makes no compromises -- that does not grade on the curve. I think we are seeing the generation emerge from the experimental days in education in the late 60s and 1970s where standards and critical faculties (in both senses of the word) declined. An analyst who has gone through college and graduate school with high grades is not going to be pleased when told that his intelligence analysis is marginal.

These demographic trends suggest serious problems both now and in the future for the Directorate. Opportunities for promotion will be very limited, as will opportunities to move into managerial positions. People will be required to go longer without promotion and this will bring with it stresses and problems that this Directorate has not seen in some time. Moreover, what am I going to do with office directors who have been in their positions for several years and will not retire for another ten? These are questions to which I do not have complete answers.

- The Age of the Computer: As the statistics I cited above on SAFE suggest, the Directorate as a whole is finally entering the computer age. A number of analysts in OSWR, SOVA and OGI have used computers for a long time; the rest of the Directorate is now just catching up. With so much information flowing in both classified and unclassified, basic decisions are going to have to be made about the number of terminals we eventually buy, the capabilities that we seek and the data we decide to keep. It won't be too long before it will not be the computers squeezing us out of space but the storage space needed for the disks themselves. I am concerned that ODP and other elements of the Agency dealing with these problems are not tightly enough linked with what is happening in this Directorate.

Moreover, while I am fairly satisfied with our planning on ADP related matters for the immediate future, I worry about our longer term posture in the DDI. For example, the Third World Data Base is an enormous undertaking. How will we maintain it and what resources are needed? What ADP capabilities should be

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centralized for the directorate, and which should be decentralized? And so on. We have some fairly vague longer range plans for ADP but it is now necessary for this Directorate to develop a very specific plan looking to the end of the decade and beyond, and the monies and positions we are looking at to provide needed capabilities. I have commissioned such a study using both internal and external resources. One of our objectives for the coming year must be the development of such a plan and its implementation.

- Recruitment: We have talked about this problem before and there is no need to dwell on it except to say that given the kinds of specialists we are hiring this Directorate must take a much more active role in recruiting analysts and shepherding them through the processing. As you are well aware, getting people to work for Uncle Sam is not getting any easier, especially when they have skills that are attractive in the private sector. Beginning the first of January, new recruits will pay 14% of their salary for retirement and social security; health care benefits will decline and the premiums will skyrocket; the pay raise will be minimal. More and more we are finding that while we can compete at entry with the salaries of private industry, the benefits they can offer make us a poor second. We will work cooperatively with Bob Magee and his people but we must make our initial contacts in many areas before the end of this year in order to bring people on board before the end of FY-84. Accordingly, this Directorate plans to move aggressively and promptly in this area. Some rare specialities -- such as econometricians -- we will form our own task forces to seek out and try to hire on a directorate-wide basis. We will then allocate them where the need is greatest. Without help in this area, we will be in real trouble.

- Senior Staffing: It is a truism in an organization like this that one's longest lasting legacy is the people one places and trains to follow and run the place years in the future. I am now content that by the end of next year more than half of the offices in the Directorate of Intelligence will be positioned so that there are either strong young office directors, very promising deputies or outstanding division chiefs who share our objectives from both the reorganization and the improvement in the quality of analysis who logically will move into the senior management positions over the next 2 to 5 years.

Specifically, in the Near East Office, I have appointed long time Middle East specialist John Helgerson as deputy; I have known Helgerson for a number of years (and he went with you to Africa) and am confident he will be a first rate office director

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in the near future. He could head either Africa/Latin America or Near East/South Asia. In OGI, should [redacted] 25X1
[redacted] move on, [redacted] would be an outstanding 25X1
replacement; there are several very strong division chiefs [redacted] 25X1
who could easily move up to the deputy's position and do it well. In OSWR, I expect Wayne Boring to move to another position within the next 18 months. His new deputy, [redacted] 25X1
[redacted] is absolutely first rate and will make a very strong office director. He has already persuaded Wayne that a couple of old-line division chiefs must go. When Wayne leaves, I plan to move [redacted] up as 25X1
the deputy and he and [redacted] will, I think, form the strongest management team OSWR or its predecessor 25X1
offices have ever had, with a good combination of both engineering and scientific/technical skills between them. In Africa/Latin America, the number two, [redacted] 25X1
[redacted] goes to the National War College next year and I intend to replace her with [redacted] a very strong 25X1
African specialist. Should [redacted] move on to something else, [redacted] move up and there are two or 25X1
three possibilities from the Latin American area who might move up as his deputy. In the European office, one of my most troublesome offices in the first year, there has been a real turn around both in attitude and quality of product. I attribute it to a real effort by [redacted] 25X1
[redacted] and the appointment of [redacted] as the deputy there. [redacted] will be perfect to move up 25X1
when [redacted] retires. 25X1

Of the major analytical offices, the only one about which I am worried in terms of future leadership is SOVA. [redacted] a number of extremely strong division 25X1
chiefs coming along but they are relatively young and inexperienced and none are in a position to be ready to take over from him should he leave in the next year or two. If he were to leave in that period, I would probably move [redacted] or perhaps [redacted] 25X1

All in all, the senior positions are generally falling into place pretty well. I would like to be able to do more for Helene Boatner [redacted] 25X1
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[redacted] She is a very smart person (as her evaluations of our analysis have shown) and she strikes me as the prime candidate for some senior staff position within either the Agency or the Community. She would have been outstanding as the Deputy Inspector General. She would be good as head of a planning staff or any other small organization where high quality, imaginative products are required.

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9. There are a number of other less cosmic problems that need continued work:

- Contract Monitoring: As we make greater use of outsiders and external analysis, some of those in the Directorate who have not had experience monitoring contracts need to receive training. We are establishing a new course developed explicitly for this Directorate to carry this out.
- Congress: While we continue to receive a very sizeable proportion of the resources we request, as I have mentioned to you before, I am deeply disturbed by the ignorance of the oversight committees as to what we do and the nature of the products we provide. In some instances, I cannot even get time with certain key Senators because the issues are so beneath their interests and attention. We won a close fight this last spring on resources but I suspect we will not be as fortunate seven or eight months from now. I hope that assigning two DDIs to Clair George's staff and having them work the two committees aggressively from the standpoint of familiarizing the staffs and members with DDI work will pay dividends.
- NID: The NID is still too rigid and formalistic a document for my taste. It needs to be made more flexible and its editors more tolerant of different writing styles. In sum, I think it is substantively pretty good but stylistically can be freshened considerably.
- Communication: Despite my weekly meetings with analysts, branch chiefs and managers on a routine basis and initiating a new DDI newsletter that will appear every two or three months, I still remain frustrated in communicating the objectives and purposes of the programs that have been initiated and my willingness (even eagerness) to talk to analysts or anyone who has ideas to do any of this better. I am sometimes discouraged by what seems to be almost willful misinterpretation on the part of analysts of some of the things we are all trying to accomplish. In addition to the meetings that I mentioned above, Dick and I probably talk to eight or ten analyst training courses or other forums every week. Perhaps over time our message will finally get through.
- Space: I could not end a discussion of problems without mentioning space. With the various changes in plans for who is leaving the building, OSWR may get no relief. They have two divisions where the working conditions are absolutely intolerable and there are a couple of documented instances where we had someone ready to join

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the office from the outside who refused upon seeing the space in which he would be required to work. This problem will not significantly ease for DDI until the new building, and I am not altogether confident that allowance is being made in planning occupancy to take account of already crowded conditions and programmed growth of the DDI and DDO between now and 1987. We must provide analysts with room to think and the working conditions appropriate to professionals.

Conclusions

10. My conclusion is essentially as it was last year: the organization and the policies are in place to bring about the long term improvement in the quality and diversity of CIA intelligence analysis. These policies are not natural to analysts and their implementation requires consistent (even implacable) application every day. If this continues over a period of years, there is some reasonable chance that many of the policies will become an ingrained part of the analytical culture here. By the same token, as in any organization, there a number of lingering problems some of which we can address and some of which we cannot.

11. Overall, I must say again I am terribly proud to be associated with these people. Most of them are true public servants in the best sense of the word. Many, with their backgrounds, experience and skills, could easily command much higher salaries in the private sector. Yet they remain out of a sense of commitment and dedication and the sheer excitement of the business. I think the last year has been a good one for the directorate and I personally believe that over the last ten months or so that the quality and the quantity of the product has demonstrated that both the reorganization and the measures to improve the quality of the work have begun to take hold and are working.

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Robert M. Gates

(All Portions of This Memo
are Classified SECRET)

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